

Message Text

CONFIDENTIAL

PAGE 01 STATE 116593

13

ORIGIN ARA-10

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-07 NSCE-00 IO-03 COME-00

PRS-01 INT-01 OMB-01 TRSE-00 CIAE-00 INR-10 NSAE-00

RSC-01 L-02 SP-01 CIEP-01 /056 R

DRAFTED BY ARA:LA:CAR:WBWHEELER:KNROGERS:JR

APPROVED BY ARA:HWSHLAUDEMAN

EB:OIA:IFD:MKENNEDY(DRAFT)

----- 003568

P R 040040Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY PORT OF SPAIN PRIORITY

INFO AMEMBASSY KINGSTON

AMEMBASSY GEORGETOWN

AMEMBASSY BRIDGETOWN

USMISSION USUN NY

C O N F I D E N T I A L STATE 116593

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, EMIN, TD, JM

SUBJECT: BAUXITE NEGOTIATIONS--SETTING THE RECORD STRAIGHT

REFERENCES: (A) USUN 1794: (B) USUN 1871

1. IT IS APPARENT FROM AMBASSADOR SCALI'S REPORT OF HIS CONVERSATION WITH PRIME MINISTER ERIC WILLIAMS (REF A) AND THE PRIME MINISTER'S LETTER TO THE SECRETARY (REF B) THAT WILLIAMS IS UNDER SOME MISAPPREHENSION REGARDING THE NEGOTIATIONS BETWEEN THE ALUMINUM COMPANIES AND THE JAMAICAN GOVERNMENT. IN ORDER TO RESPOND TO THE PRIME MINISTER'S ASSERTIONS AND SET THE RECORD STRAIGHT PRIOR TO THE MEETING OF CARICOM PRIME MINISTERS SCHEDULED IN PORT OF SPAIN ON JUNE 7, DEPARTMENT HAS ASKED AMBASSADOR MCINTYRE TO MEET WITH DEPUTY ASSISTANT SECRETARY SHLAUDEMAN AT 3:30 PM ON TUESDAY, JUNE 4.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 116593

2. TEXT OF AIDE-MEMOIRE THAT WILL BE PRESENTED TO AMBAS-
SADOR MCINTYRE FOLLOWS:

"THE PRIME MINISTER OF TRINIDAD AND TOBAGO HAS EXPRESSED AN INTEREST IN THE DISCUSSIONS BETWEEN THE FOREIGN BAUXITE AND ALUMINA COMPANIES AND THE GOVERNMENT OF JAMAICA WHICH HAVE RECENTLY BEEN TAKING PLACE IN KINGSTON. THE PRIME MINISTER EXPRESSED THIS INTEREST DURING A VISIT WITH OUR PERMANENT REPRESENTATIVE TO THE UNITED NATIONS IN NEW YORK CITY ON MAY 15.

"IN RESPONSE TO THE INTEREST OF PRIME MINISTER WILLIAMS IT MAY BE USEFUL TO REVIEW BRIEFLY THE HIGHLIGHTS OF THE NEGOTIATIONS.

"WE UNDERSTAND THAT THE GOVERNMENT OF JAMAICA HAS BEEN STUDYING THE MATTER OF THE BAUXITE/ALUMINA INDUSTRY IN THEIR COUNTRY FOR ABOUT TWO YEARS.

"ON MARCH 18 OF THIS YEAR, AT THE REQUEST OF THE GOVERNMENT OF JAMAICA, NEGOTIATIONS BEGAN IN JAMAICA BETWEEN THE COMPANIES AND THE JAMAICAN NATIONAL BAUXITE COMMISSION. THE ALUMINUM COMPANIES ACCEPTED THE INVITATION OF THE GOVERNMENT OF JAMAICA AND AGREED TO STUDY THEIR PROPOSALS WHICH AMOUNTED TO A SIGNIFICANT RESTRUCTURING OF THE PREVIOUS CONTRACTUAL RELATIONSHIP BETWEEN THE GOVERNMENT AND THE COMPANIES.

"THE FIRST PORTION OF THE NEGOTIATIONS, WHICH ESSENTIALLY WERE RELATED TO REVENUE ISSUES, CONTINUED UNTIL MAY 15. ON THAT DAY PRIME MINISTER MANLEY OF JAMAICA MADE A PUBLIC REPORT IN THE JAMAICAN PARLIAMENT ON THE NEGOTIATIONS, OUTLINING THE PROBLEMS WHICH, HE SAID, HAD COMPELLED JAMAICA TO SEEK NEW ARRANGEMENTS WITH THE COMPANIES. HE ALSO SUMMARIZED THE ITEMS HIS GOVERNMENT HAD USED IN ARRIVING AT THESE CONCLUSIONS AND NEGOTIATING POSITIONS AND DESCRIBED THE THRUST OF HIS GOVERNMENT'S POSITION ON REVENUE AND OTHER ISSUES. PRIME MINISTER MANLEY ANNOUNCED THAT LEGISLATIVE STEPS WOULD BE TAKEN AS A RESULT OF THE FAILURE TO ACHIEVE A NEGOTIATED SOLUTION ON REVENUE ISSUES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 116593

WITHIN THE TIME THAT HAD BEEN MADE AVAILABLE BY THE GOVERNMENT OF JAMAICA. PRIME MINISTER MANLEY INDICATED THAT NEGOTIATIONS WOULD CONTINUE WITH THE COMPANIES ON OTHER ISSUES, INCLUDING CONTROL OF BAUXITE RESOURCES, OWNERSHIP OF SURFACE RIGHTS AND EQUITY PARTICIPATION.

"THE REVENUE FORMULA PROVIDED FOR IN THE LEGISLATION WHICH WAS TABLED ON MAY 21 WAS BASED ON A TAX EQUAL TO

7.5 PER CENT OF THE PRICE OF PRIMARY METAL RETROACTIVE TO JANUARY 1, 1974 FOR THE 1974-75 FISCAL YEAR, AND A J 50 CENT PER TON ROYALTY ON ALL BAUXITE MINED, WHETHER DESTINED FOR EXPORT FROM JAMAICA OR ALUMINA PLANTS IN JAMAICA.

"DURING THE NEGOTIATIONS THE COMPANIES MADE COUNTER-PROPOSALS ON REVENUE AMOUNTING TO ABOUT A FOUR-FOLD INCREASE IN WHAT THEY HAD BEEN OBLIGED TO PAY UNDER THE EXISTING CONTRACTS. THE TABLED LEGISLATION PROVIDES APPROXIMATELY AN EIGHT-FOLD INCREASE OVER WHAT THE COMPANIES

WERE TO PROVIDE UNDER THOSE CONTRACTS.

"THROUGHOUT THE NEGOTIATIONS, THE UNITED STATES GOVERNMENT HAS NOT BEEN DIRECTLY INVOLVED AS A PARTY. HOWEVER, WE HAVE ALWAYS BEEN WILLING TO PLAY AN APPROPRIATE FACILITATIVE ROLE WHEN ASKED. WE HAVE CONTINUALLY URGED BOTH SIDES TO SEEK TO RESOLVE THEIR DIFFERENCES IN AN ATMOSPHERE OF MUTUAL RESPECT AND UNDERSTANDING AND TO ACHIEVE A MUTUALLY ACCEPTABLE NEGOTIATED SETTLEMENT ON ALL ISSUES."

KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALUMINUM, BAUXITE, BUSINESS FIRMS, SUBSIDIARIES, NEGOTIATIONS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE116593
Document Source: CORE
Document Unique ID: 00
Drafter: LA:CAR:WBWHEELER:KNROGERS:JR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740140-1141
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740676/aaaacnsl.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: (A) USUN 1794: (B) USUN 1871
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2002 by kelleyw0>; APPROVED <19 FEB 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BAUXITE NEGOTIATIONS--SETTING THE RECORD STRAIGHT
TAGS: PFOR, EMIN, TD, JM, US
To: PORT OF SPAIN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005